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SERVICES

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of)
Amendment of the Commission's)
Rules Regarding Installment Payment)
Financing For Personal Communication)
Services (PCS) Licensees)

WT Docket No. 97-82

COMMENTS IN SUPPORT OF, AND OPPOSITION TO
PETITIONS FOR RECONSIDERATION

Koll Telecommunication Services ("KTS"), pursuant to section 1.429(f) of the Commission's rules, respectfully submits these comments in the above-captioned proceeding.¹

KTS provides a wide variety of services to the wireless industry, including site acquisition, entitlement, construction management, co-location marketing, lease management and other related services. KTS is headquartered in Orange County, California with offices in 16 other cities in the United States.

We believe that the effects of the delays in development of the C-Block systems have had very detrimental effects felt throughout the industry. This is particularly the case with the service sector businesses such as KTS. Many have faced

¹ Amendment of the Commission's Rules Regarding Installment Payment Financing For Personal Communications Services (PCS) Licenses, Second Report Order, WT Docket No. 97-82, FCC 97-342, rel. Oct 16, 1997 ("Restructuring Order").

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serious setbacks which have resulted in the need to make severe cuts in staffing, and in some cases, the impact has been significantly worse, literally threatening the existence of many.

One year ago, KTS's staff totaled over 200 and was growing rapidly to meet the demands of the impending and exciting buildout of the C-Block networks. Along with most other telecommunications service providers, equipment vendors and fabricators, KTS was concurrently structuring for the follow-on issuance of licenses in the D, E and F blocks.

Today, our staff has been drastically reduced from that level, and uncertainties surrounding the C-Block process have forced us to significantly consolidate our office locations and to curtail many of our initiatives. Further and on a broader scale, we have seen daily evidence that this impact has affected not only businesses such as KTS which are typically direct contractors to the carriers and operators, but equally to those which provide the ancillary support services essential to the development of any new system network.

We wish to emphasize that we commend the Commission for recognizing the significant, unanticipated financial pressure experienced by a number of C-Block licensees while preserving auction integrity. In our opinion, however, the relief provided in the *Restructuring Order* is, unfortunately, insufficient to stimulate network construction and commercialization, and does not fulfill the mandate of Congress to increase opportunities for small businesses.

We share the concern of many of the filers in this proceeding that the Commission's restructuring decision will harm many a number of small businesses such as KTS which are engaged in supporting C-Block build-out activities. As have most

other service-providers, KTS has made significant investments and has created a number of jobs in anticipation of supporting the rapid build-out and commercialization of the C-Block networks. We fear that increased delays, such as those which could arise out of additional bankruptcies and other business strategy failures will continue to negatively impact the thousands of vendors and suppliers such as KTS whose businesses rely so heavily upon a robust C-Block build-out.

There are indications that the implementation date of the World Trade Organization ("WTO") Agreement² may be delayed as a result of the failure by certain countries to ratify the agreement.³ We believe that implementation of the agreement likely is essential for reducing barriers to capital confronting many C-Block licensees. We respectfully urge the Commission to take any delays in implementation of the agreement into consideration and that the Commission consider adjustments to its regulations as necessary to address such delays and to afford the C-Block licensees adequate opportunity to secure their additional financing. This will be critical in order to decrease the number of licenses potentially returned to the Commission and the administrative burden associated with a re-auction process. More importantly, however, the ability to secure additional financing will allow C-Block licensees to resume their construction and to expedite the provision of real, facilities-based competition — the paramount policy goal of Congress and the FCC.

² See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market, Report and Order, IB Docket 97-142, (November 25, 1997). See also Market Entry and Regulation of Foreign Affiliated Entities, Order on Reconsideration, IB Docket 95-22, (November 25, 1997).

³ See Communications Daily, "Global Telecom Trade Treaty Faces New Delays From Slow Action in 20 Nations," (December 5, 1997).

In the wake of the Commission's *Restructuring Order*, General Wireless, Inc. ("GWI"), the third largest C-Block bidder, filed for bankruptcy, citing the absence of a commercially viable restructuring alternative. According to GWI:

"The repayment options adopted by the Commission in the Second Report and Order, however, do not provide sufficient relief for licensees like GWI undergoing financial difficulties. As a result, on October 20, 1997, each of GWI's 14 licensee subsidiaries filed voluntary petitions for bankruptcy under Chapter 11 of the Federal Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas.⁴

We believe that more relief, not less, is needed to prevent additional C-Block licensees from bankruptcy and other failures. We believe in auction integrity and fairness. However, PCS is an evolving industry for which regulatory rules should be modestly and responsively adjusted as conditions change.

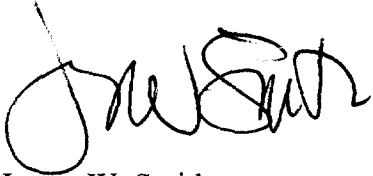
By structuring the available option alternatives which is so limiting, the Commission inadvertently punished numerous businesses such as KTS which rely heavily on C-Block network buildout for our new business. We, along with a great majority of other service-providers and equipment and material suppliers, feel that the Commission's policy should promote opportunities for all small businesses, including those engaged in supporting network build-out activities.

We urge the Commission to reconsider the affect the current policy has had on all sectors of the wireless marketplace. The C-Block experiment has not resulted in a significant amount of new facilities-based competition, as was anticipated. However, this public policy experiment can be a success if C-Block licensees are provided with commercially feasible restructuring alternatives. Please put companies like KTS back to

⁴ See General Wireless, Inc., Petition of Reconsideration. WT Docket 97-82, (November 24, 1997) at p.2.

full work building out the networks which will bring the American public the competitiveness and opportunity for small business involvement which was originally envisioned by Congress and the FCC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. W. Smith', with a large, stylized initial 'J'.

James W. Smith
Vice President of Operations
Koll Telecommunication Services